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C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 001894

SIPDIS

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SUBJECT: EUROPEAN UNION AND INDONESIA SIGN PARTNERSHIP AGREEMENT

Classified By: Pol/C Joseph L. Novak, reasons 1.4(b+d).

**¶1. (C) SUMMARY:** The European Union and Indonesia signed a Partnership and Cooperation Agreement (PCA) in Jakarta on November 9. The accord was held up since 2007 due to the GOI's anger over the EU's flight ban on Indonesian carriers. This is the latest such cooperative accord signed by the GOI in the past several years. Indonesia is also working with the USG on a Comprehensive Partnership Plan of Action. END SUMMARY.

AGREEMENT COVERS A BROAD SPECTRUM

**¶2. (SBU)** Indonesia and the EU have signed an umbrella accord. FM Marty Natalegawa and visiting FM Carl Bildt of European Union President Sweden signed the Framework Agreement on Comprehensive Partnership and Cooperation Between the European Union and Indonesia (PCA) on November 9 in Jakarta. The EU Office in Jakarta told us that it was the first such agreement that the EU has signed with an Asian country.

**¶3. (U)** The agreement covers a very wide range of areas. However, while some areas such as migration and the environment, have a detailed program for cooperation, most others--such as financial services--receive little more than a brief hortatory statement. The areas for cooperation listed in the text include:

-- under "General Principles": human rights, proliferation of weapons of mass destruction, legal cooperation, and combating terrorism;

-- under "Cooperation on Trade and Investment": sanitary and phytosanitary issues, technical barriers to trade, intellectual property rights, trade facilitation, customs cooperation, investment, competition policy, and services; and,

-- under "Cooperation in Other Sectors": tourism, financial services, economic policy dialogue, industrial policy and SME cooperation, information society, science and technology, energy, transport, education and culture, human rights, environment and natural resources, forestry, agriculture and rural development, marine and fisheries, health, statistics, personal data protection, migration, combating organized crime and corruption, combating illegal drugs, combating money laundering, civil society, and modernization of the state and public administration.

GOI DELAYED SIGNING DUE TO FLIGHT BAN

¶4. (C) The original text of the agreement was essentially agreed to in 2007. European Commission Political and Chief Michael Whitely told poloff that signing was held up until this month due to GOI unhappiness over the European Union's ban on flights to Europe by Indonesian air carriers. This ban was lifted for Garuda Airlines and three other Indonesian carriers in July. The PCA will not take effect until after it is ratified by 27 EU member states plus the European Parliament, according to Whitely. Although the PCA does not appear to have any particularly controversial provisions, Whitely told poloff that he expects it will take another two years or so before ratification is achieved due to the press of other business.

¶5. (C) The EU and members are hoping that the accord enhances their human rights dialogue with the GOI. UK Political Counselor Julia Nolan told poloff that the EU's original preference had been for a cooperation agreement with ASEAN, but that that draft was stymied over the issue of Burma. The EU thus went ahead with the bilateral PCA with Indonesia. Whitely noted that the bilateral PCA includes a strong section on human rights and that a EU-Indonesia human rights dialogue will be launched in the first half of 2010, even before the PCA is ratified. The first paragraph of Article 1 of the PCA states that respect for fundamental human rights "underpins the internal and external policies of both Parties and constitutes an essential element of this agreement." According to Whitely, this clause should give the EU leverage in seeking to get Indonesia to engage further on human rights issues in Burma and other third countries in the future.

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#### INDONESIA'S PREFERRED APPROACH

¶6. (C) This type of partnership agreement is a favored tool of Indonesian foreign policy. The EU accord, for example, is the latest generalized cooperative agreement signed by the GOI in the past several years. Indonesia has these type of accords--all with various changeable details--with China, the Philippines, the Netherlands (a letter of intent to sign), Japan, Russia, South Korea, India and several other countries. The GOI is currently working with the U.S. on a Comprehensive Partnership Plan of Action.

¶7. (U) Mission has passed a copy of the full text of the accord to EAP/MTS.

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